

Message Text

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42

ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 L-02

CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01

FAA-00 DOTE-00 COME-00 /077 W
----- 085150

R 151015Z MAR 75

FM USINT BAGHDAD

TO SECSTATE WASHDC 1754

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

C O N F I D E N T I A L BAGHDAD 271

CAIRO FOR ASSISTANT SECRETARY ATHERTON

E.O. 11652: GDS

TAGS: EAIR, PFOR, IZ, US

SUBJECT: BOEING TECHNICAL ASSISTANCE CONTRACT

REF: BAGHDAD 105; 209

1. SUMMARY. BOEING TECHNICAL ASSSISTANCE PACKAGE EXPECTED
TO BE SIGNED MARCH 15. PACKAGE PROVIDES FOR 150 AMERICAN
MANAGEMENT AND TECHNICAL PERSONNEL IN BAGHDAD AND 300
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IRAQIS GOING TO U.S. FOR TRAINING. TAKEN TOGETHER WITH
OTHER RECENT DEVELOPMENTS IT SEEMS TO POINT TOWARD

RESUMPTION OF NORMAL RELATIONS IN FORSEEABLE FUTURE.
END SUMMARY.

2. BOING' CHIEF NEGOTIATOR FOR TECHNICAL ASSISTANCE
PACKAGE ROY PETERSEN INFORMED ME MARCH 14 THAT HE EXPECTED
TO SIGN 23.5 MILLION DOLLAR TECHNICAL ASSISTANCE CONTRACT
WITH IRAQI AIRWAYS ON MARCH 15. CONTRACT RUNS THROUGH
JUNE 1977 AND PROVIDES FOR 22 MANAGEMENT PERSONNEL TO
ARRIVE IN JULY 1975 WHO WILL COMPLETELY REORGANIZE IRAQI
AIRWAYS INCLUDING WRITING OF FULL MAINTENANCE AND TRAINING
PROGRAMS FOR AIRCRAFT, PILOTS, MECHANICS AND ADMINISTRATORS.
ADDITIONAL 122 TECHNICAL PERSONNEL, PRINCIPALLY MECHANICS
WOULD BEGIN ARRIVING IN JANUARY 1976 AS NEW AIRCRAFT
ARRIVE. IRAQ WILL BE RESPONSIBLE FOR HIRING NECESSARY
NUMBER OF EXPATRIATE PILOTS FOR NEW A/C.

3. PETERSEN, WHO HAS SPENT 50 DAYS IN IRAQ THIS YEAR,
SAID IRAQIS WERE TOUGHEST NEGOTIATORS HE HAS FACED. HE
HAD MANY ALL DAY AND FREQUENT NIGHT SESSIONS WITH ONLY
SHORT BREAKS FOR REFRESHMENTS. AFTER FINAL DRAFT COMPLETED
ONLY THIS WEEK, FULL COMMITTEE HEADED BY IRAQI AIRWAYS DG,
MET WITH HIM TO GO OVER IT AGAIN SENTENCE BY SENTENCE
ON MARCH 11. OUT OF TOTAL OF 60 PAGES THEY REQUESTED
CHANGES ON 45 PAGES. AS OF MARCH 14 ONLY THREE POINTS
REMAINED TO BE SETTLED (CUSTOMS DUTY FOR PERSONAL EFFECTS,
CUSTOMS DUTY FOR INDIVIDUAL SHIPMENTS OF FOOD, AND ARBIT-
RATION CLAUSE). GOI IS RESPONSIBLE FOR PROVIDING HOUSING,
WHICH MUST BE APPROVED BY BOEING REPRESENTATIVE BEFORE
PERSONNEL LEAVE THE STATES. BOEING WILL ATTEMPT TO
RECRUIT TECHNICIANS WHO WOULD NOT BRING CHILDREN TO
BAGHDAD.

4. EVEN IF CONTRACT SIGNED MARCH 15, IT WILL NOT BE OME
FINAL FOR 21 DAYS DURING WHICH FINAL GOVERNMENT RATIFICATION
MUST BE OBTAINED. FINAL APPROVAL OF THIS CONTRACT ALSO
RELATED TO AIRCRAFT CONTRACT (BAGHDAD 105), APPROVAL DATE
OF WHICH EXTENDED TO MARCH 15 AND ANOTHER 10 DAYS REQUESTED.
NO HITCH FORESEEN.

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5. PROGRAM ALSO PROVIDES FOR TRAINING OF 300 IRAQI MECHANICS
AND OTHER TECHNICAL PERSONNEL, BUT THIS NOT PART OF BOEING
CONTRACT. IT EXPECTED TO BE CONDUCTED BY SPARTAN SCHOOL
OF AERONAUTICS OF TULSA (BAGHDAD 209). IRAQI TRAINEES
WILL GO TO U.S. FOR PERIODS UP TO TWO YEARS.

6. PETERSEN SAID HE HAD LAID GREAT STRESS ON IMPORTANCE OF
NO FURTHER HARASSMENT OF BOEING PERSONNEL (BAGHDAD 217) AND
HE HAD RECEIVED FULL ASSURANCES FROM DG IRAQI AIRWAYS ABU
KHAIL THAT THIS WOULD NOT HAPPEN AGAIN.

7. COMMENT: THESE CONTRACTS, WHICH PROVIDE FOR LARGEST EXCHANGE OF IRAQIS AND AMERICANS SINCE PRIOR TO 1967, HAVE IN MY VIEW, SIGNIFICANCE FAR BEYOND BOING. IT IS ALMOST INCONCEIVABLE THAT IRAQI REGIME IS MAKING DECISIONS OF THIS KIND WHICH ESTABLISH EXTENSIVE NEW LINKS WITH U.S. WITHOUT HAVING DECIDED THAT RESUMPTION OF NORMAL RELATIONS MUST TAKE PLACE IN FORESEEABLE FUTURE. THIS VIEW IS GIVEN FURTHER SUBSTANCE BY OTHER RECENT DEVELOPMENTS SUCH AS GOI RECEPTION OF DAVID ROCKEFELLER, ALLIS-CHALMERS CHAIRMAN FRANK SCOTT AND ROWLAND EVANS; IRAQI-IRANIAN ACCORD, AND SHERATON HOTEL CONTRACT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, COMMERCIAL AIRCRAFT, TECHNICAL ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchandr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BAGHDA00271
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750092-0587
From: BAGHDAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750347/aaaabqkw.tel
Line Count: 128
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 BAGHDAD 105, 75 209
Review Action: RELEASED, APPROVED
Review Authority: buchandr
Review Comment: n/a
Review Content Flags:
Review Date: 20 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 MAY 2003 by ElyME>; APPROVED <08 OCT 2003 by buchandr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BOEING TECHNICAL ASSISTANCE CONTRACT
TAGS: EAIR, PFOR, IZ, US, BOEING, IRAQI AIRWAYS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006